

Message Text

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CORRECTED COPY (FOR TEXT)

E. O. 11652: N/A

TAGS: OCON, ECLA

SUBJECT: 15 TH SESSION ECLA: STOCKPILING STRATEGIC RESERVES

FOLLOWING IS CR PAPER NO. 29 - DRAFT RESOLUTION
ON STOCKPILING STRATEGIC RESERVES CO- SPONSORED
BY BOLIVIA AND CHILE. DEPT' S COMMENTS
REQUESTED ASAP.

BEGIN QUOTE:

THE ECONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING THAT THE GOVERNMENT OF THE UNITED STATES OF AMERICA
HAS MADE A SURPRISE ANNOUNCEMENT OF ITS INTENTION TO DISPOSE
OF SOME OF ITS STATEGIC RESERVES ON THE WORLD MARKET,

CONSIDERING THAT THIS UNILATERAL ACTION NOT ONLY CONTRAVENES
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THE AGREEMENTS AND RESOLUTIONS OF INTERNATIONAL ORGANIZATIONS ON STABILITY OF PRICES AND MARKETS FOR PRIMARY COMMODITIES (UNCTAD, IDB AGREEMENTS), BUT HAS THE MORE SERIOUS CONSEQUENCE OF DIRECTLY AFFECTING THE ECONOMIC DEVELOPMENT OF THE LATIN AMERICAN COUNTRIES, WHOSE EXPORTS CONSIST ESSENTIALLY OF THOSE COMMODITIES,

CONSIDERING THAT THE MERE ANNOUNCEMENT THAT STRATEGIC RESERVES ARE BEING PLACED ON THE WORLD MARKET CAUSES A DECLINE IN THE PRICES OF THOSE COMMODITIES AND IF THAT STEP SHOULD ACTUALLY BE TAKEN, IT WOULD DEPRESS INTERNATIONAL PRICES FOR A PROTRACTED PERIOD AND CAUSE THE PRODUCING COUNTRIES TO LOSE MARKETS WHICH IT WOULD BE DIFFICULT AND COSTLY FOR THEM TO RECOVER,

CONSIDERING THAT THE MARKET CRISIS FOR EACH COMMODITY WILL HAVE INCALCULABLE ECONOMIC EFFECTS ON THE PRODUCING COUNTRIES, AGGRAVATING THEIR CHRONIC BALANCE OF PAYMENTS DIFFICULTIES, AND THIS UNILATERAL ACTION ON THE PRIMARY COMMODITY MARKETS WILL HAVE ADVERSE EFFECTS ON EMPLOYMENT AND THE GROWTH RATE,

CONSIDERING THAT THIS ERIOUS DECISION IS IN CONTRAST TO THE EFFORT AND SACRIFICE MADE BY LATIN AMERICA DURING THE SECOND WORLD WAR TO MAINTAIN LOW, STABLE PRICES FOR STRATEGIC MATERIALS,

CONSIDERING THAT THE DECISION TO DISPOSE OF STRATEGIC RESERVES IS BEING TAKEN AT A TIME WHEN THERE ARE SERIOUS DISTURBANCES IN THE INTERNATIONAL MONETARY SYSTEM WHICH HAVE CAUSED A DECLINE IN THE PURCHASING POWER OF THE EXPORTS OF THE UNDER-DEVELOPED COUNTRIES, RESULTING FROM THE INCREASED PRICES OF MANUFACTURED GOODS IN THE DEVELOPED COUNTRIES,

CONSIDERING THAT THE ACTION ANNOUNCED BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA WILL HAVE SERIOUS CONSEQUENCES FOR THE REGION AND THE LATIN AMERICAN COUNTRIES THEREFORE DEMAND THAT IT BE IMMEDIATLY AND PERMANENTLY SUSPENDED,

CONSIDERING THAT THE DEVELOPING COUNTRIES CANNOT ALLOW THE BURDEN OF THE TRADE AND CURRENCY IMBALANCES OF THE DEVELOPED COUNTRIES AND THE CONFLICTS BETWEEN THEM TO JEOPARDIZE THEIR WEAK ECONOMIES, AND ANY FAIT ACCOMPLI WILL DEMONSTRATE THE URGENT NEED TO ORGANIZE MACHINERY FOR THE PROTECTION AND DEFENCE OF THE DEVELOPING COUNTRIES OF LATIN AMERICA,
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RECOMMENDS THAT THE DEVELOPED COUNTRIES SHOULD:

1. GRANT FAIR TREATMENT TO THE DEVELOPING COUNTRIES IN THEIR CURRENT AND FUTURE PATTERNS OF TRADE, GUARANTEEING THEM VIABLE PRICES AS THE ONLY MEANS OF ACHIEVING DEVELOPMENT AND BALANCE IN THEIR MEANS OF PAYMENT;
 2. STOP MANIPULATING INTERNATIONAL PRICES BY USING THEIR STRATEGIC RESERVES TO THE DETRIMENT OF THE DEVELOPING COUNTRIES;
 3. STABILIZE THE PRICES OF MANUFACTURES AND CAPITAL GOODS WHICH THE LATIN AMERICAN COUNTRIES NEED TO GUARANTEE AND STRENGTHEN THE PURCHASING POWER OF THEIR EXPORTS.
- END QUOTE. BURNS

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